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PROVISIONAL SPECIFICATION

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Invention Title: A method of providing incentives to customers

The invention is described in the following statement:

A Method of Providing Incentives to Customers

Technical Field

The present invention relates to a method of providing incentives to customers. In particular, the present invention relates to a method of providing incentives to customers to purchase goods or services from amongst an exclusive network of vendors.

Background of the Invention

Various incentive schemes have been used to generate customer traffic amongst certain vendor stores. For instance discount coupons or the like may be distributed freely to prospective customers which are redeemable for a discount on the price of goods or services offered by a specified vendor. However, such schemes are deficient in that they only tend to encourage customers to shop at a single vendor store or chain of stores. Moreover, once the benefit of the discount coupon has been redeemed, there is little motivation for the customer to continue shopping with that same vendor or chain of vendors on an on-going basis.

Summary of the Invention

The present invention seeks to provide a method of providing incentives for a customer to purchase goods or services from amongst an exclusive network of vendors.

In a first broad form, the present invention provides a method of providing incentives for customers to purchase goods or services from amongst a network of vendors including the step of providing a customer with a reward whenever the customer meets a reward criteria of a rewarding vendor, wherein the said reward is redeemable by a redeeming vendor in the network when the customer meets a redemption criteria of the said redeeming vendor, whereby, the redemption of the reward results in the redeeming vendor providing the customer with a further reward.

Preferably, the reward criteria includes the customer having to purchase goods or services from the rewarding vendor in the network. Also preferably, the reward criteria includes the customer having to present a membership card to the rewarding vendor in the network. According to one aspect of the present invention, customers pay a membership fee in order to receive a membership card. According to a further aspect of the present invention, customers are provided with an initial offer of a discount on goods or services from at least one vendor in the network in exchange for the purchase of a membership card. This is particularly advantageous in encouraging customers to make an initial purchase from a vendor in the network after which, the customer will be rewarded with incentives to continue shopping at other vendors in the network on an on-going basis. Typically, the offer is provided in the form of a coupon which may be either in the form of a written ticket, or, in an electronic format such as an e-mail accessible via the Internet.

Preferably the reward includes a redeemable credit, said credit being redeemable for a discount on the cost of goods or services provided by a redeeming vendor in the network. According to one aspect of the present invention, the redeemable credit is recorded by the vendor issuing the reward at the point of sale. Alternatively, it would be understood by a person skilled in the art that in other embodiments of the present invention, a third party may be responsible for administering the issuing of a reward to a customer who has met with the reward criteria of a vendor in the network.

According to an aspect of the present invention, the credit may be provided such that it is only redeemable at a limited number of specified vendors in the network. This is advantageous in situations where it is desirable to steer customer traffic towards a specific vendor or vendors in the network.

According to an aspect of the present invention, credit is redeemable within a specified time period. This provides an added incentive for customers to redeem credit in a timely manner. More preferably, the specified time period allocated to any given lot of issued

5 According to an aspect of the present invention, smart cards are used as the membership cards. According to a further aspect of the present invention, information may be recorded on the smart card including, amongst other things, the identity of the customer in possession of the membership card and the amount of redeemable credit available to the customer at any given time. Preferably, the information on the smart card is updated
10 whenever the customer makes a purchase or redeems credit.

According to an aspect of the present invention, the redemption criteria includes the customer having to redeem credit at a redeeming vendor. According to a further aspect of the present invention, the redemption criteria also includes the customer having to purchase goods or services from the redeeming vendor in order to redeem any credit for a discount on goods and or services from the vendor, and, if the purchase meets the reward criteria of the redeeming vendor, a further reward may be issued to the customer. Thus, it would be evident to a person skilled in the art that this system advantageously seeks to provide a cycle of incentives whereby the customer may be rewarded on an on-going basis for shopping at vendors within the network.

According to yet another aspect of the present invention, an information directory is provided wherein the information directory may include, amongst other things, details of the reward criteria, redemption criteria and the nature and availability of goods or services provided by each vendor in the network at any given time. Typically, the information directory is presented as a publication in World Wide Web page format accessible via the Internet. The information directory provides an added incentive for customers to shop at vendor stores within the network rather than shop with a vendor outside of the network, as it provides convenient and streamlined access to information regarding goods or services

that can be obtained by redeeming any credit a customer may have acquired. In accordance with yet another aspect of the present invention, each vendor in the network will have access to the information directory and is able to update it whenever a customer receives or redeems credit with the said vendor.

5

In another aspect of the present invention, the vendors in the network mutually agree as to the value of any rewards offered to, and/or reward criteria that must be met by customers.

10 In accordance with yet another aspect of the present invention, each vendor in the network may be both a redeeming vendor and a rewarding vendor. Thus, a customer may obtain a credit from any given vendor in the network, and then redeem the credit at that same vendor for a discount on the cost of goods or services provided by that vendor if so desired.

15 In accordance with another aspect of the present invention, the network of vendors is established by selecting prospective vendors which meet a selection criteria. The selection criteria may include, amongst other things, a consideration as to the location of the prospective vendor and/or the nature of goods or services sold by the prospective vendor. This selection process helps to control the overall make-up of the network. This is
20 advantageous for instance in order to place a limit upon the numbers of similar vendors within the network such that vendors within the network will not be faced with excessive competition by other vendors within the network.

In accordance with a further aspect of the present invention, all vendors in the network are
25 issued with a vendor membership card.

Brief Description of Drawings

The present invention will become more fully understood from the following detailed description of a preferred but non-limiting embodiment thereof, described in connection

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with the accompanying drawings, wherein:

- Figure 1 shows a topological view of a vendor network used in a first embodiment of the present invention.
- 5 - Figure 2 shows a first embodiment of a coupon which provides an incentive for customers to become members of the network.
- Figure 3 shows a first embodiment of a vendor membership card.
- Figure 4 shows a first embodiment of customer membership card.

10 **Modes for Carrying out the Invention**

In this embodiment, the network (1) of vendor stores is formed by selecting vendors to be part of the network (1) which meet a selection criteria including the location and type of goods or services provided by the prospective member vendor. Fig 1 shows the network (1) of vendors in the present embodiment including a service station (2), a dentist (3), a
 15 butcher (4), a florist (5), a plumber (6) and an Internet service provider (7). In this particular embodiment the selection criteria also includes a consideration of the likely strength of on-going demand for the particular goods or services of a prospective member vendor. For instance, in this embodiment, the service station is accepted as a member vendor in the network since it is perceived that many customers will own at least one
 20 vehicle and require petrol and servicing on a regular basis.

A maximum of four vendors providing similar goods or services are permitted as members of the network (1) at any given time to ensure that excessive competition amongst vendors is avoided. Of course it would be understood by a person skilled in the art that the number
 25 of similar vendors within the network (1) may be greater or fewer than four depending upon the individual circumstances or needs of the vendors in the network (1). The vendors in the network (1) mutually agree as to the value of any rewards offered to, and the reward criteria that must be met by, customers shopping within the network (1).

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In the present embodiment, vendors which are invited to join the network (1) are required to each pay an annual membership fee of \$297.00 which is collected by a designated vendor agreed upon by the consensus of the member vendors. In this embodiment, the Internet service provider (7) is designated as the collecting vendor. Membership fees are
 5 used to cover the costs of advertising and promoting the network (1) as well as the costs involved in maintaining the information directory. Member vendors are provided with a vendor membership card (11) as shown in Fig. 3, upon payment of the membership fee which proves that the vendor is a valid member of the network (1).

10 A customer who is a member of the network (1) is eligible to receive rewards from vendors in the network (1) whenever the customer meets the reward criteria of any given vendor. It is the provision of these rewards to the customer which provides an incentive for customer to continue shopping within the network (1). In this present embodiment there are two criteria which must be met in order for a reward to be issued. Firstly, the customer
 15 must make a purchase of goods or services from the vendor. Secondly, the customer must present a valid customer membership card (11) to the vendor which evidences that the customer is a valid member of the network (1) and thus entitled to receive benefits from shopping within the network (1).

20 Customer membership cards (11) are sold by all vendors in the network (1) to prospective member customers. In the present embodiment, customers are provided with an initial one-off offer of a discount on a variety of goods and services provided by several vendors in the network (1) in exchange for the purchase of a customer membership card (11). This serves as an initial enticement for customers to become members and commence shopping
 25 at vendors within the network (1).

The discount offer is provided in the form of a printed coupon (13) as shown in Fig. 2 which is distributed freely at outlets such as service stations, supermarkets and the like where prospective customers of the network (1) are likely to congregate. In the present

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embodiment, a customer presenting the coupon (13) to a vendor may obtain a yearly membership at a cost of \$88.00 and receives a one-off initial discount of \$500 off the regular price of goods and services provided by vendors in the network (1). In other embodiments, the initial discount may be larger or smaller. The coupon (13) also allows a
5 customer to provide his or her personal details such that when the customer presents the coupon (13) to a vendor to obtain membership, the vendor will have the customer's details at hand and can record these details accordingly for future reference.

The customer membership cards (11) are smart cards upon which the customer's details
10 are stored including:

- the identity of the customer;
- the number of redeemable credits available to the customer at any given point in time;
- 15 • the duration of validity of any redeemable credits available to the customer at any given time;

The information stored on a customer's membership card (11) is updated whenever the customer has redeemed credit or when new credit has been acquired.

20

In the present embodiment, the customer is rewarded by a rewarding vendor with a discrete amount of redeemable credit which is proportional to the purchase price of any goods or services purchased from the rewarding vendor. For instance, the plumber may decide to reward a customer with a redeemable credit equal to 10% of the value of plumbing
25 services paid for by the customer – i.e if plumbing services amount to \$1000, then the redeemable credit rewarded to the customer is worth \$100. Thus, the customer is now able to redeem the \$100 worth of credit as a discount off the price of goods or service at any vendor within the network.

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In the present embodiment, each lot of credit provided to a customer must be redeemed in full and cannot be redeemed partially. Thus, if a customer seeks to purchase a platter of meat from the butcher (4) normally valued at \$80 for a discount by redeeming the \$100 credit issued by the plumber (6), the customer would need to redeem the entire \$100 lot of credit. As no change is provided, the butcher may entice the customer to make a purchase of a further \$80 platter of meat to maximise the full value of the \$100 credit discount on offer. Thus, if the customer opts to purchase the further \$80 platter of meat, the customer would pay a net value of \$60 to the butcher to obtain the two \$80 platters of meat at a discount of \$100. The net \$60 purchase price paid to the butcher may earn the customer a further reward of credit which in turn may be redeemed in full at a vendor store within the network so as to perpetuate the cycle of incentives.

It can be seen that, in this way, a customer may accumulate any number of discrete lots of redeemable credit at any given time. It is also possible for the customer to redeem multiple lots of redeemable credit to obtain a cumulative discount off the price of certain goods or services bearing in mind that each lot of credit redeemed is redeemed in full.

It should be noted that in this present embodiment, each vendor in the network may provide customers with redeemable credits which are calculated at different percentage rates to the purchase price spent on goods or services. For instance, the service station (2) may offer a reward of redeemable credit valued at 20% of the value of petrol purchased at the service station (2) whilst the dentist (3) may reward credit at the percentage rate of 15% of service fees paid, and so on. In this embodiment, the vendors will have mutually agreed upon the percentage discounts offered by each vendor in the network to avoid any confusion.

Each lot of credit which is issued to a customer must be redeemed at a vendor store within the network (1) before an expiry date assigned to the given lot of credit wherein the duration of the expiry date increases with the purchasing price paid by a customer in order

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to receive goods or services from a vendor. For instance, if the customer purchases goods or services to the value of between \$0-\$500, the credit is redeemable until a maximum period of 3 months from the date at which the credit was acquired; if the customer spends between \$501-\$1000, the credit is redeemable over a maximum period of 4 months from
5 the date at which the credit was acquired; and if the customer spends more than \$1000, the credit is redeemable over a maximum period of 6 months from the date at which the credit was acquired. In this way, customers are encouraged to spend larger amounts of money within the network (1) of vendors in order to receive redeemable credits of greater duration.

10

Although member vendors in the network (1) are able to set their own threshold purchase amounts for the expiry dates for credits, in this present embodiment, the vendors adhere to the same system to ensure consistency across the network (1).

15 In the present embodiment, the credit issued to a customer as a reward for making a purchase is redeemable at any vendor store including the store at which the credit was issued. In alternative embodiments of the present invention, a given lot of credit may be issued to a customer wherein the given lot of credit is not redeemable at the store at which the credit was acquired such that the customer is encouraged to shop at other vendors
20 within the network (1).

An information directory is provided for public access over the Internet using a World Wide Web browser. The information directory presents the following information which is openly accessible to anyone with Internet access:

25

- a listing of all vendors which are members of the network (1);
- a listing of goods or services available from each member vendor in the network (1);

- 10-

- the number of credits which must be redeemed for certain goods or services offered by vendors in the network (1);

5 The information directory also presents information which may only accessible to valid members of the network (1) using a password access scheme commonly known to persons skilled in the art. Such information includes:

- the number and expiry date of credits available for redemption by a customer at any given time;
 - the expiry date assigned to credits for purchases of goods or services of any given amount.
- 10

Information which is published in the information directory is stored and retrieved from a central database (8) by a computer server (9). The server communicates with computer terminals (10) located at each vendor premises via the Internet and is physically located at
15 a designated vendor store determined by the consensus of the member vendors which in this embodiment is the Internet service provider (7).

Each vendor in the network (1) is provided with a computer terminal (10) at its premises which is linked to the central database (8) via a dial-up communication link. Vendors are
20 able to access and update information stored in the central database (8) using its computer terminal (10). In this embodiment, customer information is updated by the vendors using the terminals (10) whenever a customer is rewarded with new credit, or, redeems existing credit. The information contained in the customer's membership card (11) is also updated simultaneously.

25

Hence, by way of example, a member customer who is in need of a particular product will firstly consult the information directory to determine whether any of the vendors within the

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network (1) are able to provide the product in question. The incentive to consult the information directory exists in that the customer may have acquired for instance \$100 worth of redeemable credit from past purchases within the network (1) and now wishes to redeem the given lot of credit in full for a discount.

5

Once the customer has found a listing in the information directory for a vendor that is able to supply the product in question, the customer will visit the relevant vendor's premises, and present his membership card (11). The customer will also nominate which lot of credit he wishes to redeem and the nominated credit will be discounted from the overall purchase price accordingly. Thus, if the normal cost of a bunch of flowers from the florist is \$200,
10 the customer would redeem the full \$100 lot of credit rewarded by the plumber as a discount so as to pay a net purchase price of \$100.

After the transaction has completed, the changes to the customer's personal information
15 are updated by the vendor both on the membership card (11) , and, via the dial-up network (1) to the central database (8). In this example, the \$100 credit used to obtain the discount will be deducted in full from the customer's records and the value of any new credit reward provided to the customer as a reward for making the purchase will be added to the customer's records both stored in the central database (8) and on the customer's
20 membership card (11).

Thus, it will be evident to a person skilled in the art that an incentive is provided to customers to continue shopping amongst vendors in the network (1) on an on-going basis.

25 The reference to any prior art in this specification is not, and should not be taken as, an acknowledgment or any form of suggestion that that prior art forms part of the common general knowledge in Australia.

Those skilled in the art will appreciate that the invention described herein is susceptible to

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variations and modifications other than those specifically described without departing from the scope of the invention. All such variations and modification which become apparent to persons skilled in the art, should be considered to fall within the spirit and scope of the invention as broadly hereinbefore described. It is to be understood that the invention

5 includes all such variations and modifications. The invention also includes all of the steps and features, referred or indicated in the specification, individually or collectively, and any and all combinations of any two or more of said steps or features.

Dated this 18th day of December 2002

10 **SCOTT WOOLFORD**

By his patent attorneys

DAVIES COLLISON CAVE

ABSTRACT

A method of providing incentives for customers to purchase goods or services from amongst a network of vendors including the step of providing a customer with a reward whenever the customer meets a reward criteria of a rewarding vendor, wherein the said
5 reward is redeemable by a redeeming vendor in the network when the customer meets a redemption criteria of the said redeeming vendor, whereby, the redemption of the reward results in the redeeming vendor providing the customer with a further reward.

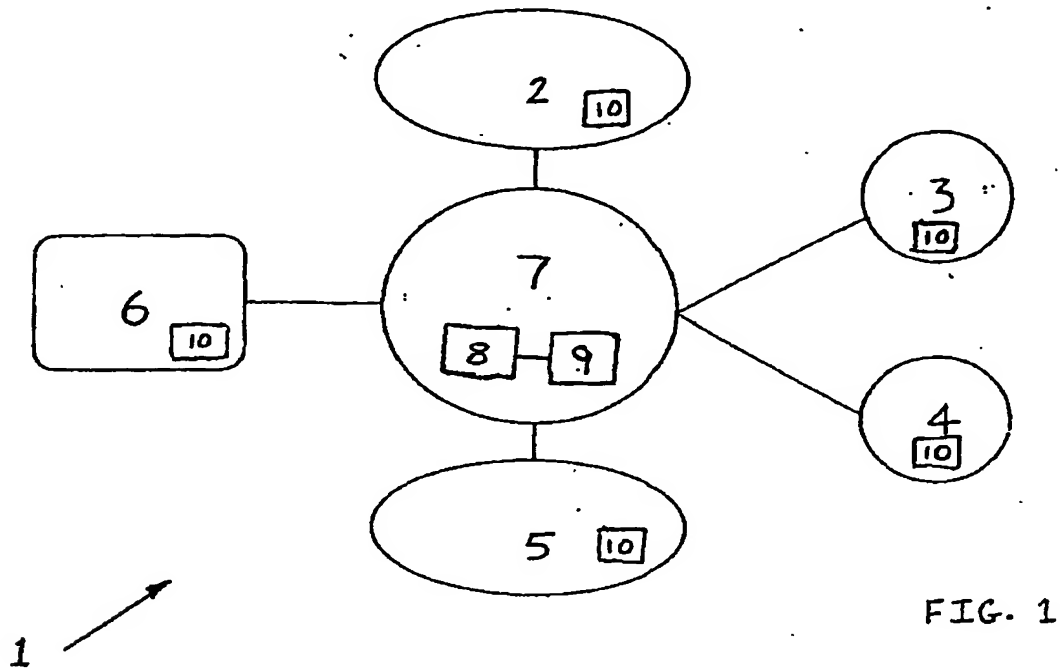



FIG. 1

01034238901		01034238901		Service Circle	
Date _____	Credit Voucher	Date _____		Provider Authorization # _____	
Rego _____		Rego _____		Authorized Signature _____	
Job \$ _____		Value _____			
Discount / Cheque Value _____					
Balance _____					
Valid for 3 months from the time of activation					

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FIG. 2

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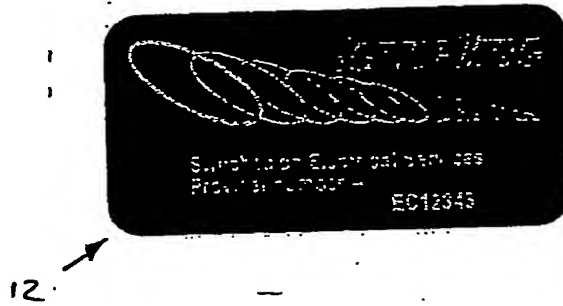


FIG. 3



FIG. 4

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